



## U.S. COMMODITY FUTURES TRADING COMMISSION

Division of Swap Dealer and Intermediary Oversight

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Kevin C. Piccoli  
Deputy Director

**To: All Futures Commission Merchants**  
**Attention: Chief Financial Officer**  
**Subject: Segregated and Secured Funds Maintained in a Combined Omnibus Account**  
**Date: September 28, 2012**

The Division of Swap Dealer and Intermediary Oversight (“Division”) of the Commodity Futures Trading Commission (“Commission” or “CFTC”) is issuing this letter to futures commission merchants (“FCMs”) to clarify the record keeping requirements for customer segregated and secured funds maintained in carrying broker omnibus accounts.

CFTC Regulations 1.20 and 30.7 require, among other things, that an FCM shall deposit customer funds under an account name which clearly identifies them as such and shows that they are segregated or secured pursuant to these aforementioned rules. The Commission Staff notes that a few FCMs have maintained a single combined customer omnibus account with a carrying FCM for segregated and secured customer trading and assets. The single account had memo entries to denote the amount of segregated versus secured assets. The Commission Staff has determined that a single account holding both segregated and secured assets, regardless of memo notation as to allocation of the assets, does not provide a clear delineation of the assets and, in the event of a bankruptcy, may put customer funds at risk.

Therefore, in order to ensure clear recordkeeping in accordance with CFTC Regulations 1.20 and 30.7, an FCM must maintain separate omnibus accounts with a carrying FCM for segregated and secured customer trading and assets. These accounts must be clearly titled as segregated 1.20 or secured 30.7 funds held for the benefit of customers pursuant to the aforementioned rules. Further, account acknowledgement letters must be obtained for each account.

### Contacts

If an FCM has questions on any of the foregoing, please feel free to contact Division staff listed in the table attached as Appendix A.

Very truly yours,

Kevin C. Piccoli  
Deputy Director

cc: Joint Audit Committee

## APPENDIX A

| Regional Office Locations                                             | Contacts                                                                                                                                                                                                                    | Location of FCM's Principal Office                                                                                                                     |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Eastern Region</b>                                                 |                                                                                                                                                                                                                             |                                                                                                                                                        |
| 140 Broadway,<br>18 <sup>TH</sup> Floor<br>New York, NY<br>10005-1146 | Ronald Carletta<br>Associate Director<br>Phone: 646-746-9726<br>FAX: 646-746-9937<br>E-Mail: <a href="mailto:rcarletta@cftc.gov">rcarletta@cftc.gov</a><br>Universal E-Mail:<br>examinations-bc-ny@cftc.gov                 | All states east of the Mississippi River, <i>except</i> Illinois, Indiana, Michigan, Ohio, and Wisconsin.<br>Any location outside of the United States |
| <b>Central Region</b>                                                 |                                                                                                                                                                                                                             |                                                                                                                                                        |
| 525 West<br>Monroe Street<br>Suite 1100<br>Chicago, IL<br>60661       | Melissa B. Hendrickson<br>Associate Director<br>Phone: 312-596-0661<br>FAX: 312-596-0713<br>E-Mail:<br><a href="mailto:mhendrickson@cftc.gov">mhendrickson@cftc.gov</a><br>Universal E-Mail:<br>examinations-bc-ch@cftc.gov | Illinois, Indiana, Michigan, Ohio, and Wisconsin                                                                                                       |
| <b>Southwestern Region</b>                                            |                                                                                                                                                                                                                             |                                                                                                                                                        |
| 4900 Main<br>Street, Suite<br>500<br>Kansas City,<br>MO 64112         | Thomas Bloom<br>Associate Director<br>Phone: 816-960-7710<br>FAX: 816-960-7750<br>E-Mail: <a href="mailto:tbloom@cftc.gov">tbloom@cftc.gov</a><br>Universal E-Mail:<br>examinations-bc-kc@cftc.gov                          | All states west of the Mississippi River                                                                                                               |
| <b>Internet Websites</b>                                              |                                                                                                                                                                                                                             |                                                                                                                                                        |
| Commodity Futures Trading Commission                                  | <a href="http://www.cftc.gov">http://www.cftc.gov</a>                                                                                                                                                                       |                                                                                                                                                        |
| Code of Federal Regulations (Title 17)                                | <a href="http://ecfr.gpoaccess.gov">http://ecfr.gpoaccess.gov</a>                                                                                                                                                           |                                                                                                                                                        |